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San José City Councilmembers Pursue Tax Cheats

SAN JOSE, CALIF. –In an effort to shutdown non-compliant medical marijuana businesses and potentially other businesses failing to pay their fees and taxes, Councilmembers Sam Liccardo, Rose Herrera, and Pierluigi Oliverio seek to pass an ordinance to enable the City to shut down tax-skirting medical marijuana dispensaries.

In the past year, according to the City's Department of Finance, 80 of the city's 158 medical marijuana dispensaries never, or only sporadically, paid the medicinal marijuana tax approved by the voters in 2010 through Measure U. Efforts to force those businesses into compliance have borne little fruit, due to the very modest consequences that they face under Measure U; the City of San José has no authority to actually shut down non-complaint businesses. In the words of Councilmember Liccardo, "This has left many observers scratching our heads. After all of the work and resources to pass ballot measures and ordinances to regulate and tax medical marijuana, we still don't have any mechanism for effective enforcement of those rules."

The full text of the memorandum can be found here:

http://www.sanjoseca.gov/clerk/CommitteeAgenda/Rules/20120912/rules20120912_g4.pdf.

The proposal, to be heard at the Rules and Open Government Committee on Wednesday, September 12 at 2:00 p.m., offers two options: (1) amend Section 4.66 of the Municipal Code to provide the City with the ability to shut down non-compliant marijuana dispensaries and revoke their licenses or (2) consider enacting a broader ordinance that empowers the City Manager to shut down any business--marijuana-related or not--for nonpayment of taxes and fees.